



EXECUTIVE OFFICE FOR ADMINISTRATION & FINANCE
COMMONWEALTH OF MASSACHUSETTS
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MATTHEW J. GORZKOWICZ
SECRETARY

January 14, 2026

Chairman Aaron Michlewitz
House Ways and Means Committee
State House, Room 243
Boston, Massachusetts 02133

Chairman Michael J. Rodrigues
Senate Ways and Means Committee
State House, Room 212
Boston, Massachusetts 02133

Dear Chairman Michlewitz and Chairman Rodrigues,

Pursuant to Massachusetts General Laws, Chapter 32, Section 22C, I am filing the following triennial funding schedule for the Commonwealth's employee retirement obligations:

<u>Fiscal Year</u>	<u>Amount</u>
2027	\$5,130,518,640
2028	5,335,739,386
2029	5,549,168,961

The complete schedule, providing further detail, is enclosed.

The proposed schedule reflects a continued, shared commitment to the Commonwealth's responsibility for its employees, retirees, and the teachers of Massachusetts. It is consistent with the agreement reached among you and the Administration when we agreed to a consensus fiscal year 2027 tax revenue estimate. No material change in data or assumptions underlying the funding schedule has occurred since that consensus was reached. Thank you for your participation and cooperation in the consensus revenue process.

The assumptions underlying the proposed funding schedule include valuation of assets and liabilities as of January 1, 2025, an assumed annual rate of investment return on assets of 7.00%, and appropriation increases of 4% per year until fiscal year 2038, with the final amortization of unfunded actuarial liability (UAL) occurring in the following year. The proposed funding schedule establishes sustainable levels of growth and achieves final amortization of the UAL by fiscal year ending June 30, 2039, which is within the current statutory requirement. All other

actuarial assumptions are outlined in the Commonwealth Actuarial Valuation Report as of January 1, 2025.

The attainment of a pension funding schedule that increases each year at the expected rate of increase in normal cost, 4% per year, is considered sustainable by actuarial professionals and represents a breakthrough achievement in the Commonwealth's pension funding policies. This schedule marks an extension of a disciplined and consistent fiscal policy that has bridged several successive triennial schedules, demonstrating the strong commitment and collaboration between Executive and Legislative branches. The attached schedule projects positive amortization of the UAL in each year, meaning that the state will be making significant progress toward reducing its long-term liabilities.

I am pleased to present the attached schedule, which is a fiscally responsible and actuarially sound funding plan that will ensure the long-term fiscal sustainability of the Commonwealth's pension systems. This triennial funding plan will provide the Commonwealth with improved budgetary stability while making substantial progress toward our commitments to taxpayers, employees, retirees and future generations. As always, I appreciate your partnership. Please let me know if you have any questions.

Sincerely,



Matthew J. Gorzkowicz
Secretary

Enclosure

cc: The Honorable Deborah B. Goldberg, Treasurer and Receiver-General
William McNamara, Comptroller
Bill Keefe, Executive Director, Public Employee Retirement Administration
Commission

Commonwealth of Massachusetts
Retirement Systems
Pension Funding Schedule¹
(in thousands)

Total cost increases 4.0% annually through fiscal year 2038

<i>Fiscal Year</i>	<i>Normal Cost²</i>	<i>Amortization of UAL³</i>	<i>Total Transfer Amount⁴</i>	<i>UAL⁵</i>	<i>% Year-Over - Year Increase in Transfer</i>
2027	1,166,007	3,964,512	5,130,519	40,844,615	4.00
2028	1,212,647	4,123,092	5,335,739	39,602,816	4.00
2029	1,261,153	4,288,016	5,549,169	38,110,053	4.00
2030	1,311,599	4,459,537	5,771,136	36,342,198	4.00
2031	1,364,063	4,637,918	6,001,981	34,273,172	4.00
2032	1,418,626	4,823,434	6,242,060	31,874,794	4.00
2033	1,475,371	5,016,372	6,491,743	29,116,630	4.00
2034	1,534,386	5,217,027	6,751,413	25,965,819	4.00
2035	1,595,761	5,425,708	7,021,469	22,386,892	4.00
2036	1,659,591	5,642,737	7,302,328	18,341,578	4.00
2037	1,725,975	5,868,446	7,594,421	13,788,597	4.00
2038	1,795,014	6,103,184	7,898,198	8,683,431	4.00
2039	1,866,815	3,080,559	4,947,374	2,978,089	-37.36
2040	1,941,488		1,941,488	0	-60.76

- (1) Based on January 1, 2025 Commonwealth Actuarial Valuation Report and assumed annual rate of investment return on assets of 7.00%.
- (2) Normal cost is projected to increase at a rate of 4% per year.
- (3) Represents amortization of unfunded actuarial liability (UAL).
- (4) Sum of Normal Cost and UAL amortization in each year; assumes transfer payment is made January 1 of each fiscal year. Totals may not add due to rounding.
- (5) UAL as of July 1 each fiscal year. Declining balance year-over-year shows positive amortization of the UAL.
- (6) Year-over-year change in transfer amount increases by 4% each year until full amortization of UAL.